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DATE July 28, 1951

COPY NO.

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OPERATIONS COORDINATING BOARD

Washington, D.C.

PROGRESS REPORT ON

NSC 5409 SOUTH ASIA

REFERENCE: NSC Action No. 1052

OCB FILE NO. 48

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NSC review(s) completed.

WARNING

This document contains information affecting the national defense of the United States, within the meaning of the espionage laws, Title 18, Sections 793 and 794, U.S.C., the transmission or revelations of which in any manner to an unauthorized person is prohibited by law.

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OPERATIONS COORDINATING BOARD
WASHINGTON 25, D. C.

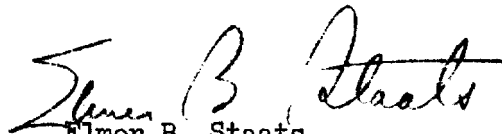
September 27, 1954

MEMORANDUM FOR THE OPERATIONS COORDINATING BOARD

SUBJECT: Progress Report on NSC 5409 (South Asia)

The attached Operations Coordinating Board Progress Report on NSC 5409, "United States Policy Toward South Asia", dated July 28, 1954, was used by the National Security Council as a basis for discussion in connection with Council consideration of the "Review of U.S. Policy in the Far East" (now NSC 5429/2) on August 12 and August 18, 1954, Action Nos. 1204 and 1206 respectively.

The previous draft of this report dated July 20, 1954 and the note dated July 22, 1954 to holders of the report are obsolete and may be destroyed in accordance with the security regulations of your agency.


Elmer B. Staats
Executive Officer

Attachments:

1. Memo to the Executive Secretary, NSC, from the Executive Officer, OCB, dated July 29, 1954.
2. Progress Report on NSC 5409 (South Asia) dated 7/28/54

OCB File No. 48

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NSC review(s) completed.

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OPERATIONS COORDINATING BOARD
Washington 25, D. C.

July 29, 1954

MEMORANDUM FOR: Mr. James S. Lay, Jr.
Executive Secretary
National Security Council

SUBJECT: Progress Report on NSC 5409 (South Asia)

REFERENCE: NSC Action No. 1052

On March 6, 1954 the President approved NSC 5409, "United States Policy Toward South Asia," and designated the Operations Coordinating Board as the coordinating agency.

Attached hereto is the first Progress Report on the implementation of NSC 5409, covering the period through June 15, 1954. The Report was approved by the Operations Coordinating Board on July 28, 1954.

/S/ George A. Morgan
Acting Executive Officer

Attachment:

Progress Report on NSC 5409,
dated 7/28/54.

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July 28, 1954

PROGRESS REPORT ON NSC 5409

UNITED STATES POLICY TOWARD SOUTH ASIA

(Policy approved by the President March 6, 1954)

A. SUMMARY OF MAJOR ACTIONS

In implementing the United States policy toward South Asia, as contained in NSC 5409, the United States has:

- (1) made active efforts to maintain cordial official and personal relations with peoples and governments in the area. Vice President Nixon's visit to South Asia was particularly helpful;
- (2) carried on a vigorous information program through the area;
- (3) continued to try to be helpful in mitigating regional disputes;
- (4) made substantial progress in our economic and technical assistance operations:
 - (a) Has provided Afghanistan 12,000 tons of wheat and wheat flour for a threatened food shortage;
 - (b) On March 31, 1954, the U.S. made the last shipment to Pakistan under the 700,000 ton wheat grant authorized last year to prevent a famine in Pakistan;
- (5) reached general agreement with India regarding shipments to Bloc countries of Thorium Nitrate, a strategic commodity;
- (6) encouraged Pakistan and Turkey to sign a cooperation agreement, and the U.S. and Pakistan on May 19 signed a Mutual Defense Assistance Agreement.

B. EVALUATION OF THE POLICIES IN THE LIGHT OF OPERATING EXPERIENCE

These policies are considered to be timely, complete and appropriate. No changes are recommended at this time.

C. EMERGING PROBLEMS AND FUTURE ACTIONS

Three problems of more than ordinary importance are emerging

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in South Asia:

- (1) the role of India in an Indochina settlement;
- (2) the course of developments in East Bengal following the imposition of Governor's Rule and the effect of those developments on all of Pakistan;
- (3) Soviet activity in Afghanistan as related to the U.S. Mutual Defense Agreement with Pakistan.

1. India, because of its national consciousness, geographic position, size and relative strength, together with certain attitudes which it shares with the South and South East Asian countries arising from colonialism and religious and cultural affinities, has ambitions to take a position of leadership and strong influence in the region. India fears that the fighting in Indochina, if continued, might lead to a world war with the reinstitution of colonial power supported by the U.S. On the other hand, India would be apprehensive of a further consolidation of external communist power in Indochina. These factors, together with India's policy of non-alignment and its desire not to offend communist China place India in a difficult but important position from which its own self interest may be expected to lead it to take a part of increasing importance in the Indochina problem. India's possible participation in an Indochina solution is under continuing study.

2. In the provincial elections in East Bengal this spring, the party in control of the Central Government, the Muslim League, was completely repudiated. The new Chief Minister of East Bengal and his cabinet, drawn from the victors, the United Front, were completely ineffective. Riots broke out, hundreds of lives were lost, and the Central Government was forced to remove the provincial cabinet and institute Governor's Rule. Under the new Governor, Iskander Mirza, complete order is now being maintained, but it is widely recognized that substantial economic improvements must be accomplished in the near future if stability is to be maintained and democratic processes restored. The situation is being closely watched, and consideration is being given to possible means of being helpful.

3. Since February 19 when the Pakistan-Turkey cooperation agreement was signed, there have been increasing signs of Soviet interest in Afghanistan, manifested particularly in economic activity and planning. This development has been emphasized by Ambassador Ward since his recent return on leave. The problem is being given careful study, since it includes fundamental political and security issues.

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ANNEX "A"

DETAILED DEVELOPMENT OF MAJOR ACTIONS

There have been no significant omissions or deficiencies in implementation of NSC-5409. Significant substantive actions taken in support of the policy are listed below. (Numbers shown below refer to paragraph numbers in NSC-5409. Courses of action are quoted).

Para. 15. "Give particular emphasis to the maintenance of cordial official and personal relations in all areas of contact, and where possible increase those areas of association."

It is standard practice to maintain cordial official and personal relations. Of especial importance have been the representational activities of the Ambassadors and other key officers in the field, entertainment of foreign officials in Washington and attendance by our representatives at cultural functions, exhibitions and conferences sponsored by the various South Asian governments. Recently the Army sent Major General A. E. Trudeau, Assistant Chief of Staff, G-2, and a small group to visit India and Pakistan to establish and renew contacts in those countries on a more personal basis. On the occasion of a visit to India during the period by Vice Admiral Wright, (CINCNELM) the U.S. Ambassador did not deem our relations with India sufficiently friendly to warrant his asking clearance for entry of the Flagship, (USS PITTSBURGH). During the course of his visit, Admiral Wright received only the bare minimum of the customary courtesies from the Indian officials he encountered.

Para. 16. "Vigorously pursue effective information and education programs designed to broaden support for actions consistent with U.S. policies and to diminish susceptibility to communist appeals."

In India, a major effort has been made in recent months to improve the information materials produced by USIA in India and to focus activities more selectively upon opinion leaders. The content of our publications has stressed collective security as the keynote of U.S. foreign policy and as the motivating factor in the U.S. decision to grant military aid to Pakistan. The economic, military and moral strength of the U. S. is another theme which has been stressed. Special emphasis was given to the U.S. attitude towards colonialism as set forth in Assistant Secretary Byroade's speech of October 31. Increasing attention is being paid in our output to developments in Southeast Asia, with the objective of making India aware of the threat to her security of Red Chinese aggression in Indochina and of identifying U.S. policy in this area with her own national self interest.

The American Reporter, a bi-weekly USIA newspaper in India, reaches 350,000 of the most important leaders in education, business, the press, members of parliament and of the provincial legislatures. Important official texts are produced in pamphlet form and mailed to a highly

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selective list of opinion leaders including newspaper editors. New Indian-language editions of American books include such titles as Stowe's "Conquest by Terror," Kirk's "Postmark Moscow," Koestler's "Darkness at Noon," and Chase's "Goodly Heritage."

USIA is opening new reading rooms in four university cities. Reading rooms will be opened in six additional cities by January 1, 1955.

The films program reaches small groups of key officials rather than mass audiences and has been integrated with pamphlet and book distribution. Recent local productions made in cooperation with the Technical Assistance Mission and the Government of India, show U. S. contributions in support of India's Five Year Plan.

USIA plans to initiate August 1, on a trial basis, short wave newscasts from New York to supplement the present tape-recorded programs in Hindi, Urdu, Bengali and Tamil, which are transmitted from Colombo. The most recent count of 5,000 letters a month received from India by VOA indicates an increasing listenership in this country.

The college contact program continued through this academic year. Nine American college presidents or professors, two youth leaders and one newspaper man sent under the exchange of persons program, participated in a vigorous program of lectures and informal discussions.

Pro-American sentiment in Pakistan facilitated relations with the press and resulted in high placement of information materials. An effective motion picture program has reached college students, military personnel, and government officials. Since the signing of the Military Aid Agreement, some Pakistanis have begun to question whether the price they have paid for military aid may not be too high. In addition, their expectations of the amount of aid that will be received have far exceeded that contemplated by the United States. USIA, therefore, is faced with the difficult task of assuring them that their decision to stand up and be counted on the side of the West will be well rewarded and, at the same time, of presenting a realistic picture of the amount of aid that can be expected.

In East Pakistan, the communists and the opposition party both have stirred up some anti-American feeling with charges that the government has sold Pakistan's sovereignty for the promise of American aid, and by implicating the U. S. with the imposition of Governor's rule in East Bengal. Strenuous efforts are under way to expand the limited capabilities of USIS in East Pakistan.

In Ceylon the normal information program has been supplemented in the last two months by the local production of three special pamphlets. One, unattributed and strongly anti-communist, was printed and distributed by the Kelani Valley Buddhist Brotherhood; another entitled,

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Christianity and Communism was also unattributed; and the third, bearing the USIA Seal, stressed the role of an American in the revival of Buddhism in Ceylon. This last one has been attacked vigorously by the communist press.

During Fiscal Year 1954, the following grants were awarded under the Department of State's Educational Exchange Program to the countries in South Asia.

India

167 grants of which 117 were to Indians and 50 to Americans. Among the 50 Americans were 12 American specialists lecturing under the college contact program throughout India. Among the Indians brought to the United States were 15 Indian leaders.

Pakistan

93 grants of which 74 were to Pakistanis and 19 to Americans. Among the American grants were five to American specialists who lectured and held seminars and discussion groups in both East and West Pakistan. Among the grants to Pakistanis were ten leader grants.

Ceylon

36 grants were awarded during Fiscal Year 1954, 28 of which went to Ceylonese and 8 to Americans.

Afghanistan

Four grants were awarded--three to Afghanistan and one to an American specialist.

Nepal

Two grants were awarded to Nepalese in FY 1954.

India, Pakistan and Ceylon have Fulbright programs, and the grants to American and foreign students, professors, and teachers under these Fulbright programs were awarded during Fiscal Year 1954. But the people to whom the grants were awarded will come between July and September of Calendar 1954.

Para. 17. "Encourage greater participation in all UN activities by South Asian countries which are members of the UN."

We presently plan to support Zafrulla Khan in the special election to fill the vacancy in the International Court of Justice left by the death of the Indian representative.

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Para. 18. "Assist through the UN and by other feasible means in the settlement of disputes between the various countries."

We have continued to watch developments on the Kashmir issue closely and are willing to be as helpful as may be possible. However, prospects do not look good. We also are following the World Bank talks with India and Pakistan on distribution of the Indus waters.

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Operations under this paragraph will be reported directly to the National Security Council.

Para. 20. "Assist the governments of the area to develop their natural resources, particularly agricultural, and their basic industrial potential, including the provision of technical assistance and limited economic aid."

The FOA programs for all countries in South Asia are devoted primarily to assistance in the fields of agriculture and natural resources. This is particularly true in Afghanistan and Nepal where we are carrying out only technical cooperation programs. In the case of India, and to a lesser extent Pakistan, a certain amount of our assistance, both in the technical and development assistance fields, is devoted to development of the industrial potential but primary emphasis remains on agriculture and natural resources. For fiscal year 1955 a total of \$26.7 million (\$6.7 million for technical cooperation and \$20 million for development assistance) is being requested for Pakistan. A total of \$104.5 million (\$19.5 million for technical cooperation and \$85 million for development assistance) is being requested for India.

The Export-Import Bank extended a loan of \$18.5 million to the Government of Afghanistan in May for use in further development of the Helmand Valley region and for some road maintenance work.

Para. 21. "Foster South Asian conditions and governmental policies favorable to the investment of indigenous and foreign private capital in such economic development of the area."

We are doing everything possible with FOA programs to foster conditions and policies favorable to private capital investment. In the case of India, we are prepared to make available up to \$15 million worth of rupee counterpart towards the initial capitalization of a private industrial development corporation which will derive the remainder of its capital from private sources and from the World Bank. It is anticipated that this corporation will be set

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up and operating within a very short time, but we would be ready to encourage a similar enterprise in that country. Apart from this, we are using every available means to ensure that private capital investment is encouraged.

Industry and investment advisers are presently on the staffs of the FOA missions in India and Pakistan. Steps are being taken to place increased emphasis on this aspect of our programs in both of these countries.

Para. 22. "Be prepared to extend emergency aid as circumstances justify on a case-to-case basis to alleviate unexpected food shortages or the effects of natural disasters."

A short time ago we signed an agreement with Afghanistan under which the U. S. is providing 12,000 tons of wheat and wheat flour to meet a threatened food shortage in Afghanistan. The aid is being sent under Section 550 of the Mutual Security Act of 1951, as amended, which authorizes the use of MSA funds to finance the purchase of surplus agricultural commodities in the United States.

On April 27 the Pakistan Government announced that the food situation in Pakistan had improved to such an extent that it would not require the balance (amounting to about 89,000 tons) of the wheat grant of 700,000 tons which was authorized for Pakistan by the U. S. Government last year to meet threatened famine. It is estimated by the Pakistan Government that the gift of wheat saved several million people from starvation.

Para. 24. "Continue diplomatic, psychological and propaganda efforts to discourage and where possible prevent shipment of strategic materials to the communist bloc."

We have carried on active efforts to discourage and where possible prevent shipment of strategic materials to the communist bloc. As the result of some of these efforts, we have reached general agreement with India (although the agreement has not yet been ratified by India) which should assure that Thorium Nitrate will not be shipped by India to communist countries.

Para. 25. "Encourage judiciously and, as appropriate, provide guidance for such action by South Asian governments in the general area of land reform as will contribute to increased agricultural production and internal stability."

There are no land reform specialists on the staffs of the FOA missions in South Asian countries, but FOA has sponsored certain short-term consultants in this field in India. Their report, written after a ninety-day study of the problem some two years ago, recommended

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certain measures in the field of land reform which have been cordially received by the Indian Government. Due to the political sensitivities of this area, it is felt that large-scale, or continuing land reform work on the part of FOA, is not possible at this time.

Para. 26. "As politically feasible, seek to obtain (a) the use of military and strategic facilities in South Asia, including communications, transit and base rights and (b) the right to operate forces in the area upon the threat of and during general hostilities."

An immediate favorable result of the U.S. decision to extend military assistance to Pakistan may have been the latter's permission for the U.S. aircraft engaged in the recent airlift to Indochina to refuel in Pakistan.

The Air Force (MATS) has air transit agreement with both India and Pakistan.

On the negative side, the following items are noted:

a. India requested the U.N. to withdraw U.S. Military Observers on the Kashmir Commission on the ground that they were not neutral.

b. In conformity with its long established policy India refused permission for the above mentioned aircraft to utilize air facilities in, or to overfly, India.

c. In Ceylon the U.S. Ambassador determined that friendly relations had not developed sufficiently during the period for him to request permission to establish desired U.S. Army, Navy, and Air Force communications facilities in that country.

Para. 27. "Encourage participation of the nations of South Asia in regional defense arrangements coordinated with those in adjacent areas."

Pakistan's cooperation agreement with Turkey flowed from U.S. encouragement of regional defense arrangements.

Para. 28. "Provide to selected South Asian nations limited military aid, reimbursable or grant, contributing to the maintenance of internal security and the defense of the area."

The U.S. has agreements with India and Pakistan for the provision for reimbursable military aid. Grant military aid to Pakistan will be extended in the near future under the recently signed agreement. Following Pakistan's signature of a cooperation pact with Turkey we signed, on May 19, a Mutual Defense Assistance Agreement with Pakistan under the terms of which we plan to furnish military

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grant assistance to Pakistan. A survey mission headed by Brigadier General Harry F. Meyers visited Pakistan to decide on its most urgent needs. General Meyers has made a report to the Secretary of the Army in which he recommends that \$29.5 million be apportioned for Pakistan from funds currently available. If no unforeseen difficulties arise, it is expected that the nucleus of a MAAG will be in Karachi in mid-August with a token shipment arriving shortly thereafter.

Para. 29. "Utilize the above political, economic and military courses of action whenever necessary and practicable to encourage cooperation with the United States in attaining its objectives in the area."

The Battle Act implications of Indian exports to communist bloc countries of Thorium Nitrate upon U. S. economic aid to India have been of considerable force in bringing India toward an agreement with regard to disposal of its Thorium Nitrate production and other materials such as strategic grades of mica.

Our Ambassador to Afghanistan recently notified us of his intention to bring to the attention of the GOA the probable consequences under the Battle Act of shipping beryl to a communist country.

Para. 33. "Continue and increase close consultation with the Government of India on matters of policy and encourage it to consult more frankly with us, without permitting Indian opposition to deter us from taking actions which are clearly in the U.S. interest."

We have followed a policy of close consultation with the Government of India. Ambassador Allen has ready access to Nehru and has explained U.S. policy to him on a number of issues, including U.S. military assistance to Pakistan, U.S. aid to the French in Indochina, non-recognition by the U.S. of communist China, etc. Similarly, the Indian Ambassador in Washington has been briefed from time to time by State Department officers, including the Secretary.

Para. 34. "Make clear to India that by providing military assistance to Pakistan, the U.S. is not seeking to make Pakistan the dominant state of South Asia."

The purpose of U.S. military assistance to Pakistan was made quite clear to the Indian Government by President Eisenhower's letter to Prime Minister Nehru, by Ambassador Allen in conversations with Nehru and other Indian officials in Delhi, and by the Secretary of State in talks with Ambassador Mehta in Washington. It was fully explained that what was desired was not dominance of South Asia by Pakistan, but an effective defense establishment in Pakistan as a protection against aggression.

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USIA has continued to make every effort in its information output in India to make our intentions understood.

Para. 36. "Support the continuation in power in India of elements which are non-communist and friendly to the United States, recognizing that at present the incumbent Congress Party comes closest to fulfilling these specifications."

Ambassador Allen recently visited the U.S. and made very strong appeals before Congressional committees, in official bodies and before public meetings in support of U. S. economic assistance to India. We regard such assistance as of great importance in maintaining friendly elements in power.

Para. 40. "Recognize that for the present India's policy of 'non-involvement' will continue; and make use of India as a mediator when it is in U. S. interests."

The possibilities and limitations of India's usefulness as a mediator were fully displayed by the role which India played as Chairman of the Neutral Nations Repatriation Commission in Korea.

Para. 42. "Continue to make clear to India that the Kashmir issue should be settled by mutual agreement between India and Pakistan, that the United States is willing to assist through the UN and by other means, but that the United States has no ulterior motives or hidden objectives which would be fostered by settlement in favor of either country."

The U.S. has continued to make clear its view that the Kashmir issue should be settled by mutual agreement between India and Pakistan. Following the Indian protest against the presence of U.S. members in the UN Observer Group for Kashmir, our Ambassador informed the Government of India that we had explained to the Secretary General of the UN that while the U. S. Government recognized his responsibility to make the decision, the U. S. has no interest in maintaining American observers in Kashmir providing the effectiveness of the present observer system in Kashmir remains unimpaired. We told the Secretary General in confidence that we would like to see the U. S. members of the Observer Group withdrawn within a few months. Our most recent information from the office of the Secretary General is that he considers six United States observers the minimum necessary to maintain the morale of the observer corps in Kashmir and that his present inclination is to insist that the Indians permit replacement of that number of U. S. officers whose assignments expire after July 1.

Para. 43. "Seek through official statements and communications media full recognition by the Government and people of India, of (a) the communist threat to India, (b) U. S. support for India's independence and (c) the contribution which the United States is making

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to India through economic and technical aid."

See progress under para. 16.

Para. 45. "Continue and increase close consultation with the Government of Pakistan on matters of policy and encourage it to consult more frankly with us."

In connection with the Colombo Conference, the Secretary of State invited the Ambassadors of Pakistan and Ceylon to call, explained some of the difficulties he anticipated at Geneva, and expressed the hope that developments at the Colombo Conference would not make his course more difficult at Geneva. The Ambassador of India also was invited in for a more general briefing. Reports from Colombo indicated that the attitudes of the Prime Ministers of both Pakistan and Ceylon were very helpful to us.

Para. 47. "Seek greater participation of Pakistan in a common front against communism."

Pakistan's decisions to sign a cooperation agreement with Turkey and a Mutual Defense Assistance Agreement with the U.S. were evidence of its increased participation in a common front against communism.

Para. 48. "Make clear to Pakistan that our objective in the Kashmir issue is a solution acceptable to both India and Pakistan and that in this issue we are not prepared to support either country against the other."

Our attitude regarding withdrawal of the U. S. members of the UN Observer Group in Kashmir should serve to reinforce our policy of impartiality between India and Pakistan in the Kashmir issue.

Para. 49. "Encourage Pakistan's participation in any defense association which is judged to serve the interests of the United States. Priority should be given to the establishment of such an arrangement between Pakistan and Turkey."

Pakistan's cooperation agreement with Turkey, signed on February 19, is a significant step toward participation in a defense association which will serve U. S. interests.

Para. 50. "Seek to insure that in the event of general war Pakistan will make available manpower, resources and strategic facilities for mutual defense efforts with the West."

The recent agreement between the U. S. and Pakistan with respect to defense assistance is an important move in bringing about Pakistan's complete cooperation in the event of a general war.

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Para. 52. "Support the continuance of the (Afghan) government in its present form in the absence of conditions under which a more representative government could come into existence without the serious threat of chaos or of the advent of power of a group subservient to the Soviet Union."

We are supporting the continuance of the present Afghan Government through technical assistance and Export-Import Bank loans. The Export-Import Bank recently has agreed to extend another development loan in the amount of \$18.5 million to Afghanistan.

Para. 53. "Discourage Afghanistan's Pushtoonistan claims."

When Vice President Nixon was in Kabul he made it quite clear that our policy of discouraging Afghanistan's Pushtoonistan claims had the support of the highest officials of our Government.

Para. 54. "For the present refrain from encouraging Afghan expectations that the United States will extend military assistance."

We recently made it clear to the Afghan Government that we could not presently encourage any Afghan expectations of U. S. military assistance.

Para. 57. "Endeavor to maintain the friendly relationship between the United States and Ceylon which continues despite the strains imposed by Ceylon's trade in rubber with Communist China."

Vice President Nixon's visit to Ceylon was a great help in strengthening friendly relations between Ceylon. The recent decision to have Prime Minister Sir John Kotelawala visit the U. S. should further improve U. S.-Ceylon relations.

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